

HOUSE BILL REPORT

ESSB 5460

As Reported by House Committee On: Ways & Means

Title: An act relating to reducing the administrative cost of state government during the 2007-2009 and 2009-2011 fiscal biennia.

Brief Description: Reducing the administrative cost of state government during the 2007-2009 and 2009-2011 fiscal biennia.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Tom, Zarelli, Prentice, Hewitt and Kline).

Brief History:

Committee Activity:

Ways & Means: 2/3/09, 2/11/09 [DPA].

Brief Summary of Engrossed Substitute Bill (As Amended by House)

- Prohibits state agencies from creating new positions or filling vacant positions, with some exceptions.
- Limits salary increases for certain state employees.
- Limits equipment purchases, travel, and personal services contracts, with some exceptions.

HOUSE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass as amended. Signed by 20 members: Representatives Linville, Chair; Ericks, Vice Chair; Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Dammeier, Assistant Ranking Minority Member; Chandler, Cody, Darneille, Haigh, Hinkle, Hunt, Hunter, Kagi, Kenney, Kessler, Pettigrew, Priest, Schmick, Seaquist and Sullivan.

Staff: Charlie Gavigan (786-7340)

Background:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The programs and functions of state government are administered by numerous state agencies and institutions, the costs of which are appropriated by the Legislature. These costs include expenditures for salaries, wages, equipment, personal services contracts, and state employee travel and training.

Generally, state employment positions are either exempt, general service, or Washington Management Service. General service employees are eligible to collectively bargain if they so elect. In higher education, employee positions typically are either exempt or general services; some categories of exempt employees as well as general service employees may collectively bargain if they so elect. For example, higher education faculty and graduate students are exempt employees but may collectively bargain. For employees who collectively bargain, salary and wage increases are determined as provided in the existing contract.

Summary of Amended Bill:

For the 12 months following enactment of this legislation, state agencies are prohibited from granting salary or wage increases to any exempt (higher education and other state agencies) or Washington Management Service employees.

Until July 1, 2009, state agencies are prohibited from establishing new employee positions or filling existing vacant employee positions. Exceptions are provided for specified functions directly related to public health and safety, law enforcement, revenue collections, and seasonal employment in natural resources agencies and the Department of Transportation maintenance program.

Until July 1, 2009, state agencies: (1) are prohibited from signing new contracts for personal services not related to an emergency or not funded from private or federal grants; (2) are prohibited from acquiring items of equipment exceeding \$5,000 and not relating to an emergency; and (3) are prohibited from making expenditures for state employee out-of-state travel or training not related to an emergency or direct service delivery. Travel costs paid from private or federal grants are not affected.

The hiring, equipment, travel, training, and personal services contract restrictions do not apply to the unemployment insurance program.

In institutions of higher education, the restrictions on hiring, personal service contracts, equipment, travel, and training do not apply if the costs are not paid from state funds or tuition. The hiring limitations do not apply to academic programs.

Exceptions to the prohibitions relating to hiring, contracts, equipment, travel, and training may be granted after five days' notice to the legislative fiscal committees. For executive branch agencies, the exception may be granted by the Director of Financial Management. For the legislative and judicial branches, exceptions may be granted by the Secretary of the Senate, Chief Clerk of the House, and the Chief Justice, respectively. The exceptions are to be forwarded to the Legislature every 30 days or sooner if necessary.

The act applies to all agencies, offices, and institutions of the executive, legislative, and judicial branches of state government.

Bill Compared to Original Bill:

The amended bill makes the following changes:

- strikes the LEAP list of reductions going into unallotted status;
- adds an exemption from the hiring freeze for higher education academic programs;
- changes the equipment purchase threshold from above \$1,000 to above \$5,000;
- adds the Gambling Commission to the list of law enforcement officers exempt from the hiring freeze;
- exempts tax and fee collection, revenue generation, and receiving funds from the federal government from prohibitions on personal service contracts, equipment purchases, and the travel freeze; and
- changes the exception process. Instead of every exception being sent to the Legislature and sitting for two days to allow legislative input, the Office of Financial Management (and the Chief Justice, Chief Clerk, and the Secretary of the Senate) will bundle the exceptions up every 30 days, or earlier if volume or circumstances so dictate, and these would sit in the Legislature for five days (before taking effect).

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: The bill contains an emergency clause and takes effect immediately.

Staff Summary of Public Testimony:

(In support) This bill is a good start in addressing the state's fiscal situation. State agencies recognize that budget reductions will need to occur throughout state government.

(With concerns) It is important to reduce state spending to help address the budget shortfall, but there are several issues in this bill that should be addressed. The equipment purchase threshold should be \$5,000 instead of \$1,000. Clarification should be made that the hiring freeze and equipment and personal services contracts limitations should not apply to activities related to revenue collection, audits, obtaining federal funds, etc. The exception process will be cumbersome and should be adjusted. The Office of Financial Management will propose some amendments. In higher education, more flexibility is necessary to keep and hire critical faculty and to protect academic programs.

Persons Testifying: (In support) Jeff Hall, Board of Judicial Administration and Washington State Supreme Court.

(With concerns) Sherry Burkey, Western Washington University; Ken Kanikeberg, Office of the Superintendent of Public Instruction; Denise Graham, State Board for Community and Technical Colleges; Julie Suchanek, The Evergreen State College; Ann Anderson, Central Washington University; Paul Jenni, University of Washington; J.W. Harrington, University of Washington Faculty; Larry Ganders, Washington State University; and Victor Moore, Director, Office of Financial Management.

Persons Signed In To Testify But Not Testifying: None.